

## Message Text

CONFIDENTIAL

PAGE 01 PARIS 00231 01 OF 02 050158Z  
ACTION EB-04

INFO OCT-01 SS-14 ISO-00 EUR-08 SSO-00 NSCE-00 USIE-00  
INRE-00 INR-05 CIAE-00 TRSE-00 SP-02 STRE-00 L-01  
H-01 EA-06 IO-06 PRS-01 /049 W  
-----070684 050303Z /61

O R 050108Z JAN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 3871  
INFO ALL EC CAPITALS IMMEDIATE  
USMISSION GENEVA IMMEDIATE  
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 00231

LIMDIS

DEPT PASS STR ELECTRONICALLY

USEEC

USMTN

E.O. 11652: GDS  
TAGS: ETRD, FR  
SUBJ: MTN -- STRAUSS TALKS WITH FRENCH GOVERNMENT

1. BEGIN SUMMARY: U.S. GROUP HEADED BY AMBASSADOR STRAUSS (AND INCLUDING UNDER SECRETARY COOPER AND AMBASSADOR MCDONALD) HELD VIGOROUS DISCUSSIONS ON MTN WITH BARRE AND ROSSI JANUARY 4. THE TALKS CENTERED ON THE TARIFF REDUCTION FORMULA -- SPECIFICALLY THE 40 PERCENT FIGURE. ROSSI DOGGEDLY INSISTED THAT 40 PERCENT IS "UNREALISTIC" AND UNACCEPTABLE TO FRANCE. BARRE, WHILE CONCILIATORY, INSISTED THAT ANY SPECIFIC FIGURE NOW WILL PROVOKE SHARP FRENCH AND EUROPEAN PUBLIC REACTION WITH SEVERE PRESSURE ON GOVERNMENTS AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 00231 01 OF 02 050158Z

PREJUDICE TO LIBERAL TRADE GOALS. STRAUSS HELD FIRMLY TO OUR VIEWS ON THE TARIFF FORMULA AND RELATED MATTERS. THE U.S. SIDE COUNTERED FRENCH ARGUMENTS IN DETAIL WHILE EMPHASIZING MAJOR U.S. EFFORTS AT COMPROMISE TO REACH A BALANCED MTN PACKAGE. AT BARRE'S SUGGESTION, MCDONALD AND DE MOREL ARE HAVING FURTHER EXPLORATORY TALK JANUARY 5. END SUMMARY.

2. AMBASSADORS STRAUSS AND MCDONALD, UNDER SECRETARY COOPER, AND EMBASSY ECONOMIC MINISTER FIRST REVIEWED THE MTN NEGOTIATING SITUATION AT A WORKING LUNCHEON GIVEN BY FOREIGN TRADE MINISTER ROSSI. (OTHER FRENCH PARTICIPANTS INCLUDED DE MOREL, PAYE OF BARRE'S OFFICE, AND DUTET OF THE ELYSEE STAFF.) WHILE PROFESSING CONTINUED INTEREST IN SUCCESS OF THE MTN, ROSSI INSISTED THAT THE 40 PERCENT FIGURE IN THE TARIFF WORKING HYPOTHESIS IS UNREALISTIC AND CANNOT BE SOLD TO FRENCH OPINION. IN THIS RESPECT THERE HAD BEEN NO CHANGE IN THE FRENCH POSITION SINCE THE OCTOBER SESSION OF THE EC COUNCIL. IN JUSTIFICATION OF HIS POSITION, ROSSI REHASHED MANY OF THE ARGUMENTS HE HAS MADE IN THE PAST. THESE RANGED FROM THE INTERNATIONAL MONETARY SITUATION TO THE FACT THAT TARIFFS ARE FAR LESS IMPORTANT THAN NON-TARIFF MEASURES AND OTHER ASPECTS OF THE TRADE NEGOTIATIONS.

3. IN RESPONSE TO PROBING BY AMBASSADOR STRAUSS, ROSSI INDICATED THAT FRANCE COULD NOT BE PASSIVE IN THE EC COUNCIL ON JANUARY 17 OR ACQUIESCE IN THE PRESENT GENEVA WORKING PAPER. IT WOULD HAVE TO TAKE A CLEAR-CUT POSITION. HE CAREFULLY AVOIDED INDICATING WHAT LEVEL OF TARIFF CUTS FRANCE WOULD ACCEPT, SAYING THIS WOULD BE FOR LATER NEGOTIATION.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARIS 00231 01 OF 02 050158Z

4. AMBASSADOR STRAUSS COUNTERED ROSSI'S ARGUMENTS FIRMLY, EMPHASIZING THE FOLLOWING: (A) SYMBOLIC AND POLITICAL IMPORTANCE OF THE SIGNAL TO BE GIVEN THE WORLD BY THE TARIFF FORMULA; (B) THE GREAT EFFORT THE U.S. HAS MADE TO ACCOMMODATE LONG-STANDING EC DESIRES REGARDING TARIFF HARMONIZATION, SAFEGUARDS AND AGRICULTURE; (C) THE FACT THAT WHATEVER THE OFFERS PUT ON THE TABLE IN JANUARY, ALL PARTICIPANTS HAVE THE POSSIBILITY OF MAKING ADJUSTMENTS AT THE END; AND (D) THE OVERRIDING IMPORTANCE OF FORWARD MOVEMENT AS A MEANS OF AVOIDING A RAPID SLIDE TOWARD GENERALIZED PROTECTIONISM.

5. COOPER POINTED OUT THAT WE ARE REALLY TALKING ABOUT WHAT WILL HAPPEN OVER A PERIOD OF PERHAPS 15 YEARS -- BETWEEN THE LAST KENNEDY ROUND TARIFF CUTS IN 1972 AND THE END OF THE TOKYO ROUND TRANSITIONAL PERIOD, WHICH COULD RUN TO THE LATE 1980'S. APART FROM THE FACT THAT THERE WOULD BE ONLY SMALL TARIFF REDUCTIONS IN ANY

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 PARIS 00231 02 OF 02 050236Z  
ACTION EB-04

INFO OCT-01 SS-14 ISO-00 EUR-08 SSO-00 NSCE-00 USIE-00  
INRE-00 INR-05 CIAE-00 TRSE-00 SP-02 STRE-00 L-01  
H-01 EA-06 IO-06 PRS-01 /049 W  
-----070999 050307Z /61

O R 050108Z JAN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 3872  
INFO ALL EC CAPITALS IMMEDIATE  
USMISSION GENEVA IMMEDIATE  
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 00231

LIMDIS

GIVEN YEAR, EUROPE WOULD HAVE PLENTY OF TIME TO PULL  
ITSELF TOGETHER SO THAT THE EUROPEAN COMMUNITY COULD  
BE MORE THAN A SIMPLE CUSTOMS UNION. MCDONALD  
STRESSED THE IMPORTANCE OF THE TARIFF QUESTION AS AN  
ELEMENT IN ASSURING A BALANCED PACKAGE THAT COULD  
SATISFY U.S. CONGRESSIONAL AND PUBLIC OPINION.

6. IN CONCLUDING THE WORKING LUNCHEON, AMBASSADOR  
STRAUSS TOLD ROSSI THAT U.S. HAS THUS FAR MOVED TOWARD  
EC POSITIONS WITH LITTLE COMMUNITY EFFORT TO MEET US  
HALFWAY. WE HAVE PROCEEDED ON THE ASSUMPTION THAT WE  
SHARE COMMON GOALS WITH FRANCE AND EC AND ARE SEEKING  
JOINT SOLUTIONS TO THE ISSUES. IF OUR ASSUMPTION IS  
WRONG, IT WOULD BE JUST AS WELL TO KNOW WHERE WE  
STAND. STRAUSS ALSO POINTED OUT THAT 40 PERCENT WITH  
HARMONIZATION REPRESENTS A CONSIDERABLE COMPROMISE  
FROM OUR INITIAL POSTURE FAVORING DEEPER AND  
ESSENTIALLY LINEAR CUTS.

7. THE SUBSEQUENT MEETING WITH PRIME MINISTER BARRE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 00231 02 OF 02 050236Z

INCLUDED ESSENTIALLY THE SAME PARTICIPANTS EXCEPT THAT FROMENT-MEURICE OF THE FOREIGN MINISTRY ATTENDED ON FRENCH SIDE. AMBASSADOR STRAUSS NOTED THE IMPORTANCE THE PRESIDENT ATTACHES TO THE MTN; REVIEWED THE EFFORTS WE HAVE MADE TO COMPROMISE WITH THE COMMUNITY TO ASSURE A BALANCED PACKAGE; AND STRESSED THAT WE ARE AT A CRITICAL STAGE IN THE NEGOTIATIONS AGAINST A BACKGROUND OF THE WORLD ECONOMIC MALAISE AND THE UNDENIABLE THREAT OF PROTECTIONISM. WITH ROSSI TAKING A BACKSEAT, BARRE HIGHLIGHTED THE FRENCH GOVERNMENT'S "PRESENTATIONAL" DIFFICULTIES. HE INSISTED THAT FRANCE IS DEDICATED TO THE CAUSE OF TRADE LIBERALIZATION AND IS FIGHTING PROTECTIONISM. HE SAID REPEATEDLY THAT A SINGLE FIGURE FOR TARIFF REDUCTIONS (NO MATTER HOW QUALIFIED) WOULD BE SEIZED ON BY THE PRESS AND OPINION GENERALLY AND CREATE A SEVERE REACTION AGAINST THE FRENCH GOVERNMENT AND OTHER EUROPEAN GOVERNMENTS. HE ALSO MENTIONED CONCERN ABOUT EXCHANGE RATE INSTABILITY. IN HIS OPINION, THE CLIMATE FOR MTN HAD WORSENERD SINCE SEPTEMBER.

8. BARRE SUGGESTED SEVERAL APPROACHES DESIGNED TO AVOID A CLEAR-CUT POSITION ON THE TARIFF QUESTION NOW; E.G. INDICATE THAT THE MATTER WILL BE EXPLORED FURTHER, OR 30-40 PERCENT RANGE. THE U.S. SIDE INDICATED THAT WE COULD EXPLORE POSSIBILITIES ON THE PRESENTATIONAL FRONT, BUT THE TABLING OF OFFERS IN GENEVA THIS MONTH REQUIRED A CLEAR UNDERSTANDING ON THE TARIFF FORMULA. WE REEMPHASIZED U.S. FLEXIBILITY ON STAGING.

9. STRAUSS EXPLAINED THAT WE ALSO HAVE SIGNIFICANT PRESENTATIONAL PROBLEMS INCLUDING OUR DETERMINATION TO AVOID BEING CRITICIZED FOR HAVING OFFERED TOO MUCH CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARIS 00231 02 OF 02 050236Z

IN OTHER FIELDS IN RESPONSE FOR SMALL TARIFF REDUCTIONS. WE ALSO QUESTIONED WHETHER EUROPEAN OPINION IS QUITE SO NEGATIVE ON THE 40 PERCENT FIGURE WHICH HAS APPEARED IN THE PRESS IN LOW KEY SINCE SEPTEMBER.

10. IN CONCLUDING, BARRE REPEATED THAT, IN HIS OPINION, IT SHOULD BE POSSIBLE TO FIND COMMON GROUND. HE SUGGESTED OFFICIAL LEVEL TALKS, AND MCDONALD WILL MEET WITH DE MOREL FOR THIS PURPOSE JANUARY 5. (DE MOREL TRIED TO BE HELPFUL ON JANUARY 4 WITHIN THE CONSTRAINTS SET BY ROSSI'S ADAMANT LINE.)  
HARTMAN

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DIPLOMATIC DISCUSSIONS, TARIFFS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 jan 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PARIS00231  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780007-0920  
**Format:** TEL  
**From:** PARIS USEEC  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780197/aaaaddka.tel  
**Line Count:** 223  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 1ed08be6-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 17 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3824545  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MTN -- STRAUSS TALKS WITH FRENCH GOVERNMENT  
**TAGS:** ETRD, FR, MTN, (STRAUSS, ROBERT)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/1ed08be6-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014